

Analysis of The Influence of Regional Original Income, General Allocation Funds, Special Allocation Funds on Regional Expenditure in Kediri District, 2018 – 2022

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Article Information		Abstract
Submission date	16 December 2023	<p>Research aim: to determine the influence of Original Regional Income, Allocation Funds General, Special Allocation Funds for Regional Expenditures in Kediri Regency, East Java Province, 2018 – 2022 Budget Year.</p> <p>Design/Method/Approach: quantitative research with statistical analysis.</p> <p>Research Finding: The results of partial test research show that Regional Original Income has a significant influence on Regional Expenditures. in the partial test for General Allocation Funds, Special Allocation Fund do not have a significant effect on Regional Expenditures.</p> <p>Theoretical contribution/Originality: Stewardship Theory and Fiscal Decentralization Theory.</p> <p>Practitioner/Policy implication: shows that Regional Original Income is the only independent variable that has a significant effect on the dependent variable, namely Regional Expenditures.</p> <p>Research limitation: The influence of Regional Original Income, General Allocation Funds, Special Allocation Funds on Regional Expenditures individually and simultaneously.</p> <p>Keywords: Original Regional Income, General Allocation Funds, Special Allocation Funds, Regional Expenditures</p>
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1. Introduction

The implementation of Regional Government functions is followed by providing sufficient sources of revenue to the regions, the amount of which has been adjusted to the division of authority between the government and the regions. In this case, the regional government as regional head is trying to further explore the potential available in each region in Kediri district in order to achieve the ultimate goal of regional autonomy, namely independence in the region (Dasuki, 2020). In this Law, what is meant by central and regional financial balance is a system of government financing within the framework of a unitary state, which includes the division of finances between the Central and Regional Governments as well as equalization between regions in a professional, democratic, fair and transparent manner given the potential and conditions. and regional needs are in line with the obligations and distribution of procedures for implementing these authorities. Regional Original Income (PAD) aims to train the independence of each region consisting of all villages in the Kediri Regency area, so it is hoped that it can optimize existing resources to meet regional spending needs, of course this must be adjusted to the amount of original regional income obtained.

Village officials are appointed by the Village Head and are tasked with assisting the running of the Village Government (Aji, 2019:1) which is quoted in the book (Ministry of Home Affairs, 2019). Based on Minister of Home Affairs Regulation Number 113 of 2014 concerning Regional Financial Management Regional Expenditures are all expenditures from regional accounts which are regional obligations in one budget year which will be repaid by the village and used to fund the implementation of village authority which includes the field of government administration, the field of development implementation, the field of community development, the field of community empowerment, the field of emergency and urgent disaster management (Ariska et al., 2021) Regarding the sources of funds used, among others, consist of Regional Original Income (PAD), General Allocation Funds (DAU), Funds Special Allocation (DAK).

Therefore, the APBD has an important role for regional government, in this case the regional government is obliged to have good planning and be on target. However, if APBD implementation is poor, it will result in revenue not being achieved and program implementation not running properly (Marliana et al., 2022). One of the instruments and important factors for the success of regional development is the management of Regional Expenditures, which is reflected through the APBD (Regional Revenue and Expenditure Budget). It is hoped that regional expenditure management can help a region manage economic development well and stably from year to year.

One of the instruments and important factors for the success of regional development is the management of Regional Expenditures, which is reflected through the APBD (Regional Revenue and Expenditure Budget). It is hoped that regional expenditure management can help a region manage economic development well and stably from year to year. Therefore, researchers are interested in conducting research with a title related to APBD, namely "Analysis of the Influence of Original Regional Income, General Allocation Funds, Special Allocation Funds on Regional Expenditures."

1.1 Research Theory

Stewardship Theory and Fiscal Decentralization Theory

Stewardship Theory is a theory built on philosophical assumptions regarding human nature which is essentially trustworthy, capable of acting responsibly, having integrity and honesty towards other parties. Stewardship Theory has roots in psychology and sociology and is designed to explain situations where managers act as stewards and act in the interests of owners. In this case, Stewardship Theory explains that the government is not motivated by individual interests or goals, but the main target results are aimed at the public interest (Efendi et al., 2022).

Meanwhile, the Fiscal Decentralization Theory refers to Law No. 32 of 2004, namely the transfer of government authority by the central government to autonomous regions to regulate and manage government affairs in the system of the Unitary State of the Republic of Indonesia. So in this case Fiscal Decentralization can be interpreted as the central government's policy of reducing the fiscal imbalance between the central government and regional governments. Fiscal decentralization has consequences in financing the implementation of regional autonomy which are called balancing funds (Shoba & Fidiana, 2022).

Regional Revenue and Expenditure Budget

According to Minister of Home Affairs Regulation Number 13 of 2006, APBD is an annual regional financial plan that is discussed and approved jointly by the regional government and DPRD, and is stipulated in a Regional Regulation (Sriwijayanti et al., 2022). So it can be concluded that the APBD is funds that have been planned by the regional government to meet regional expenditure needs in the next year.

Original Regional Income

Original Regional Income is income generated from original regional sources and community participation (Rhamedia, 2022). So it can be concluded that Regional Original Income is regional financial income or income obtained by the region from the implementation of government activities and services to the community by utilizing existing resources sourced from regional taxes, levies resulting from the management of separated regional assets, and other original regional income generated. legitimate.

General Allocation Fund

According to Government Regulation Number 55 of 2005, it is stated that General Allocation Funds are funds originating from the APBN which are allocated with the aim of financial equality between regions to finance expenditure needs in the context of implementing decentralization. According to (Wahyuni, 2020), General Allocation Funds are funds that come from the APBD. (Huda & Sumiati, 2019), The aim of the General Allocation Fund is to overcome inequality.

Special Allocation Fund

In Government Regulation Number 33 of 2004, it is stated that Special Allocation Funds (DAK) are funds sourced from APBN revenues that are used by regions that have certain needs to support the funding of a region's activities. Includes specific regional and national priority activities. (Syafira et al., 2022).

1.2. Statement of Problem

From the discussion in the background above, a number of problems can be identified which will later be carried out as research. To what extent do Regional Original Income, General Allocation Funds, Special Allocation Funds influence Regional Expenditures in Kediri Regency, East Java during the period 2018 to 2022.

1.3. Research Purposes

The aims of this research include to find out and prove the significant influence of Original Regional Fund Income on Regional Expenditures in Kediri Regency, East Java Province, to find out and prove the influence of the General Allocation Fund in Kediri Regency, East Java Province, and to find out and prove the influence of the Special Allocation Fund in Kediri Regency, East Java Province.

1.4. Research Objectives

In preparing this proposal, the researcher conducted research by taking the research object into regional budgets/funds in the Kediri Regency area, East Java Province. Kediri Regency consists of 26 sub-districts with 1 sub-district and 343 villages.

2. Method

This research is quantitative research with statistical analysis carried out in the Kediri Regency area, East Java province. This research has a period of 5 years, namely 2018 - 2022 through observations or observations using published websites.

Apart from that, researchers use data collection methods by documenting secondary data and conducting bibliography, namely collecting information from books, the internet and so on which can be used as a basis for theoretical discussions and formulating research hypotheses.

3. Results and Discussion

Descriptive statistics

Descriptive statistics are statistics that are used to analyze data by describing or illustrating the data that has been collected as it is without having any intention or making generally accepted conclusions or generalizations (Siswati, 2022). In this research the variables used are Village/Regional Original Income, General Allocation Funds, Special Allocation Funds and Village/Regional Expenditures.

Hypothesis Test

Analysis of the Coefficient of Determination/ R²

According to Ghozali (2018), the coefficient of determination test aims to measure how far the model's ability is to explain variations in the dependent variable. The coefficient of determination value lies at 0 and 1. The classification of the correlation coefficient is, 0 (no correlation), 0-0.49 weak correlation, 0.50 (moderate correlation, 0.51-0.99 (strong correlation), 1.00 (correlation perfect).

Simultaneous Relationship Test / F test

According to Ghozali (2018: 97), if the significant value of $F < 0.05$, then the alternative hypothesis is accepted, which states that all independent variables simultaneously and significantly influence the dependent variable.

Parsial Relationship Hypothesis Test/t Test

According to Ghozali (2018), the t test is used to test the significant level of influence between the independent and dependent variables. Testing criteria are set based on probability. If the level is significant, and if the probability $H_a < 0.05$ then it is declared significant.

Results

To describe and test the influence of the independent variables and dependent variables, this section is the part that presents the data that has been obtained. The data that has been collected in this research is as follows:

Table 1. Budget Data and APBD Realization for 2018-2022

Year	Locally-generated revenue	General allocation funds	Special allocation funds	Regional shopping
TA2018	453.813.000	1.225.331.641	513.258.000	2.889.970.000
RA2018	473.913.000	1.225.331.641	406.578.707	2.738.310.000
TA2019	392.000.000	1.277.196.428	517.548.000	3.220.460.000
RA2019	458.770.000	1.277.196.428	458.550.510	2.991.170.000
TA2020	428.980.000	1.176.200.000	442.180.000	3.415.510.000
RA2020	498.420.000	1.166.589.629	378.152.785	2.832.280.000
TA2021	426.690.000	1.149.914.158	452.460.000	3.168.890.000
RA2021	518.780.000	1.149.914.158	437.144.508	2.937.420.000
TA2022	455.110.000	1.149.914.158	513.250.000	3.189.860.000

Year	Locally-generated revenue	General allocation funds	Special allocation funds	Regional shopping
RA2022	665.160.000	1.141.973.308	463.800.000	2.002.840.000

Source: www.djpk.depkeu.go.id & www.kedirikab.bps.go.id

In this research there are 4 data, namely Regional Original Income, General Allocation Funds, Special Allocation Funds and Regional Expenditures. To describe and test the influence between the independent variable and the dependent variable, this section will present a description of the data obtained. The description of the data that will be presented includes the minimum, maximum, mean and standard deviation values from the results of secondary data collection as follows:

Descriptive Statistical Test

Table 2. Descriptive Statistical Test Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Locally-generated revenue	10	391000000	661160000	475254000.00	74356422.304
General Allocation Fund	10	1141973307	1277196428	1193956154.80	53137395.404
Special Allocation Fund	10	378152782	517540000	458320451.50	46446704.955
Regional Shopping	10	2002840000	3415510000	2938671000.00	388050670.702
Valid N (listwise)	10				

Source: Secondary data, SPSS 29

Based on the table of calculation results above with a total of 10 samples, it can be explained that:

1. Original Regional Income which is variable X_1 has a minimum value of 319000000 which occurred in 2019, The maximum value is 661160000 which will occur in 2022. Meanwhile the mean (average) is 475254000.00 and the standard deviation is 74356422.304 This shows that the standard deviation value is smaller than the mean value (average), meaning that in this study the data is normally distributed.
2. General Allocation Funds which is variable X_2 has a minimum value of 1141973307 which will occur in 2022 and the maximum value was 1277196428 which occurred in 2019. Meanwhile the mean (average) was 1193956154.80 and the standard deviation was 53137395.404 This shows that the standard deviation value is smaller than the mean value (average), meaning that in this study the data is normally distributed.
3. Special Allocation Funds which is variable X_3 has a minimum value of 378152782 which occurred in 2020 and the maximum value was 517540000 which occurred in 2019. Meanwhile the mean (average) was 458320451.50 and the standard deviation was 46446704.955. This shows that the standard deviation value is smaller than the mean value (average), meaning that in this study the data is distributed normally.
4. Regional expenditure, which is the Y variable, has a minimum value of 2002840000 which occurs in 2022 and a maximum value of 3415510000 which occurs in 2020. Meanwhile the

mean (average) is 2938671000.00 and the standard deviation is 388050670.702, this shows that the deviation value is smaller compared to the mean value (average), meaning that in this study the data is distributed normally.

Hypothesis Test Results

Coefficient of Determination (R2)

Coefficient of Determination (R2) aims to measure how far the model's ability to explain variations in the dependent variable. The value of the coefficient of determination is between zero and one. The R2 value has an interval between 0 and 1 ($0 \leq R2 \leq 1$). If the R2 value is large (detects 1) then the independent variable can provide almost all the information needed to predict the dependent variable. Meanwhile, if R2 is small, the ability of the independent variable to explain the dependent variables is very limited. In this case, the criteria for analysis of the coefficient of determination are as follows:

- 1) If the coefficient of determination is close to 0, it means that the influence of the independent variable on the dependent variable is not strong.
- 2) If the coefficient of determination is away from 0 then the influence of the independent variable on the dependent variable is strong.

Table 3. Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.992 ^a	.983	.950	86833869.556

a. Predictors: (Constant) Special Allocation Funds, Regional Original Income, General Allocation Funds

b. Dependent Variable: Regional Shopping

Source: Secondary data, SPSS 29

Based on the table, it shows that the relationship (correlation) between the independent variable and the dependent variable has a strong relationship so it can be concluded that Original Regional Income (X1), General Allocation Funds (X2), Special Allocation Funds (X3), have a strong relationship with Regional Expenditures (Y).

Seen from the coefficient of determination (R Square) of 0.983. This means that 98.3% of the Regional Expenditure variable can be explained by independent variables which include Original Regional Income (X1), General Allocation Funds (X2), Special Allocation Funds (X3). (100% - 98.3% = 1.7%) other factors outside the independent variables used in this research.

Parsial Test (t Test)

The t test is used to determine the effect of the independent variable on the dependent variable and the t test is used to see the effect one by one.

Table 4. Parsial t Test Results

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8627087024.497	1225331610.436		7.041	.006
	Locally-generated revenue	-5.974	.574	-1.145	-10.417	.002
	General Allocation Fund	-3.711	1.217	-.508	-3.049	.055
	Special Allocation Fund	3.030	1.280	.363	2.367	.099

a. Dependent Variable: Regional Shopping

Source: Secondary data, SPSS 29

Based on the table, it can be seen in part between the independent variables and the dependent variable as follows:

1. The first result is that Regional Original Income has a significant effect on regional spending. Hypothesis testing by comparing significant values with (alpha) 0.05. Based on the test results in the table above, it shows that the significant value of local original income is $0.002 < 0.05$ and B is negative. So it can be concluded that local original income has a negative but significant effect on regional spending. So the first hypothesis is supported.
2. The second hypothesis is that the General Allocation Fund has a positive effect on regional spending. Based on the table above, it is known that the significant value is $0.055 > 0.05$ and the B value is negative. So it can be concluded that the General Allocation Fund has a negative effect on regional spending. So the second hypothesis is not supported.
3. The third hypothesis is that Special Allocation Funds have a positive effect on regional spending. Based on the table above, it is known that the significant value is $0.099 > 0.05$ and the B value is positive. So it can be concluded that the Special Allocation Fund has a positive but not significant effect on regional spending. So the third hypothesis is not supported.

Simultaneous Test (F Test)

The "F" statistical test or simultaneous significance test is to see whether all the independent variables included in the model have a joint influence on the dependent variable. If the calculated F value $>$ F table, then the hypothesis is accepted. So that means Regional Original Income (X1), General Allocation Fund (X2), Special Allocation Fund (X3) simultaneously influences Regional Expenditures (Y). Meanwhile, if the calculated F value $<$ F table then the hypothesis is rejected. So that means Regional Original Income (X1), General Allocation Fund (X2), Special Allocation Fund (X3) simultaneously has no effect on Regional Expenditures (Y). The following is a Simultaneous Test (f Test):

Table 5. Simultaneous Test Results (F Test)

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	133262954458396 2110.000	6	222104924097327008. 000	29.456	.009b
	Residual	226203627060 37556.000	3	7540120902012b b 519.000		
	Total	135524990728 9999620.000	9			

a. Dependent Variable: Regional Shopping

b. Predictors: (Constant), Special Allocation Funds, Regional Original Income, General Allocation Funds

Source: Secondary data, SPSS 29

Based on the table, the calculated F value is 29.456. Because the calculated F value is $29.456 > F \text{ table } 8.941$, as is the basis for decision making in the F test, it can be concluded that the hypothesis is accepted or in other words Regional Original Income (X1), General Allocation Funds (X2), Special Allocation Funds (X3), simultaneously together they influence regional spending. This is also reflected in the significance level in the table above where the significance level is smaller than 0.05, namely 0.009. If the independent variables increase together, the dependent variable will also increase.

Discussion

The Influence of Original Regional Income on Regional Expenditures

In this study, the results of the regression test show that local original income is a source of income that has a significant influence on regional spending. This is because the amount of local original income is still relatively small because the government is still not optimal in utilizing sources of local original income. This research is not in line with research conducted by Lilis Astutiawaty, Carolyn Lukita, Devi Astriani (2022) which shows that local original income has a significant effect on regional expenditure, which means that the Regional Government is able to be independent. The government has an obligation to improve the welfare of the people to maintain and maintain public peace and order. Regional expenditure will be determined by Original Regional Income, the greater the original regional income will of course have a positive impact on increasing regional expenditure.

Influence of General Allocation Funds on Regional Expenditures

The test results carried out by researchers in the Regression Test show that the General Allocation Fund does not have a significant influence on Regional Expenditures. This shows that the smaller the general allocation funds obtained by a region, the lower the regional expenditure allocation. So that local governments have not been able to improve public services to the community. On the other hand, if the General Allocation Fund is larger, it can increase regional spending funds so that the government can improve public services to the community. This research is in line with research by Cornella, Harahap, Karimi (2020) which shows that General Allocation Funds do not have a significant effect on regional spending. This is because the large amount of original regional income is able to meet regional spending needs without

having to depend on transfers in the form of general allocation funds. However, this research is not in line with research conducted by Abbas, Ratna, Iqbal (2020) which states that General Allocation Funds have a positive effect on regional spending. This proves that general allocation funds can be a tool that can increase regional spending. The General Allocation Fund has the function of closing gaps that occur because regional needs exceed their potential. So the existence of the General Allocation Fund can result in the transfer of central government authority to regional governments. This gives local governments more freedom in using general allocation funds to provide more services to the community.

Effect of Special Allocation Funds on Regional Expenditures

Special Allocation Funds are a source of funds originating from the central government which are used for special activities, in the form of regional affairs and in accordance with national priorities. If the Special Allocation Fund experiences an increase, this will have a significant impact on increasing regional spending. This also proves that special allocation funds are needed to increase regional spending. The results of this research are in line with research conducted by Lubis (2019) which shows that special allocation funds have a positive effect on regional spending. In this case, it shows that special allocation funds have a role in regional expenditure allocation. Allocating special allocation funds can reduce the burden of special activity costs that must be borne by local governments. But this research is different from research conducted by Ferdiansyah, Deviyanti, Pattisahusiwa (2018) which shows that Special Allocation funds do not have a significant effect on regional spending. This is influenced by the small amount of Special Allocation Funds received by a region.

The Influence of Original Regional Income, General Allocation Funds, Special Allocation Funds, Tax and Levy Revenue Sharing, SILPA, Grant Revenue on Regional Expenditures

Based on the Simultaneous Test (F Test) it can be concluded that the independent variables which include Regional Original Income, General Allocation Funds, Special Allocation Funds simultaneously influence Regional Expenditures in Kediri Regency for the period 2018 - 2022. From the results of the R² test it can be explained that it is 0.983 which means 98.3% while the remaining 1.7% of regional spending is influenced by other variables not included in the research. So it can be concluded that the variables Original Regional Income, General Allocation Funds, Special Allocation Funds influence Regional Expenditures with a strong level of correlation. This shows that regional governments should further maximize the increase in original regional income by exploring sources of original regional income so that regional spending allocations can be increased.

4. Conclusion

Based on research that has been carried out. So it can be concluded that the influence of Original Regional Income, General Allocation Funds, Special Allocation Funds on Regional Expenditures in Kediri Regency, East Java Province in 2018 - 2022 is as follows: Based on the Partial Test (t Test), the results of the research prove that the variable Regional Original Income (X1) partially has a significant influence on the dependent variable, namely, Regional Expenditures. Based on the Partial Test (t Test), the results of the research prove that the General Allocation Fund variable (X2) does not have a significant influence on the dependent variable, namely, Regional Expenditures. Based on the Partial Test (t Test), the results of the research prove that the variable Special Allocation Funds (X3) does not have a significant influence on the dependent variable, namely, Regional Expenditures. Based on the

Simultaneous Test (F Test), the research results prove that all independent variables including Original Regional Income, General Allocation Funds, Special Allocation Funds have a significant influence on Regional Expenditures.

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